

**PUBLIC DISCLOSURE**

DECEMBER 17, 2001

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**EAGLE BANK**

466 BROADWAY  
EVERETT, MA 02149

DIVISION OF BANKS  
ONE SOUTH STATION  
BOSTON, MA 02110

<p><b>NOTE:</b> This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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## GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with the safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **EAGLE BANK** prepared by the Massachusetts Division of Banks, the institution's supervisory agency, as of **DECEMBER 17, 2001**. The Division evaluates performance in the assessment area(s), as they are defined by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

### **INSTITUTION'S CRA RATING: This institution is rated "Satisfactory "**

Eagle Bank's overall CRA performance reflects its commitment in helping to meet the credit needs of its assessment area. Three tests were conducted, in the context of the defined assessment area, to determine the bank's overall CRA performance for calendar year 2000 and year-to-date 2001. These include the Lending Test, the Investment Test, and the Service Test.

According to the Lending Test analysis of residential loan originations, the bank penetrated the majority of census tracts within the various geographies of the assessment area. The bank's lending to businesses with gross annual revenues of \$1 million or less within the assessment area has also contributed to the bank's performance and is rated Satisfactory.

The Investment Test reflects the bank's support of community development through its participation in qualified innovative and complex investments and in donations to non-profit organizations within the assessment area that benefit affordable housing and community and economic development.

The Service Test indicates that the bank's delivery systems are convenient and accessible to all segments of the assessment area. Low and moderate-income residents and individuals within the assessment area who speak languages other than English benefit from the bank's efforts to provide services to the entire assessment area. The bank has provided a high level of community development services within its assessment area. The bank has taken a leadership role in its participation with organizations that promote community development, especially in the City of Everett and the Tri-City area.

The institution's rating of "Satisfactory" is based upon its record of ascertaining and helping to meet the credit needs within the entire assessment area in a manner consistent with the bank's resources and capabilities. The individual ratings assigned to the three primary test areas present a more detailed representation of the bank's CRA performance.

### **LENDING, INVESTMENT, AND SERVICE TEST TABLE**

The following table indicates the performance level of **Eagle Bank, Everett, Massachusetts**, with respect to the lending, investment, and service tests.

<b>PERFORMANCE TESTS</b> <b>Eagle Bank</b>			
<b>Performance Levels</b>	<b>Lending Test*</b>	<b>Investment Test</b>	<b>Service Test</b>
Outstanding			<b>X</b>
High Satisfactory		<b>X</b>	
Satisfactory	<b>X</b>		
Needs to Improve			
Substantial Non-Compliance			

\*Note: The Lending Test is weighed more heavily than the Service and Investment Tests when arriving at an overall rating.

## DESCRIPTION OF INSTITUTION

Eagle Bank is a state-chartered financial institution headquartered in Everett, Massachusetts. The bank was initially chartered by The Commonwealth of Massachusetts as the Everett Savings Bank on March 1, 1889. In April 1998, the bank changed its name from Everett Savings Bank to Eagle Bank.

The bank has five full service branch offices. The City of Everett is the location of three branch offices, including the main office. Additionally, one supermarket branch is located in the City of Medford. In December 2000, the bank opened a full-service branch in the Town of Lexington. In addition to the five full service branches, the bank maintains a limited purpose branch located within the Everett High School. The Everett branches, including the high school, are located within moderate-income census tracts. The Medford branch is located in a middle-income census tract and the Lexington branch is located in an upper-income tract. The bank provides automated teller machines (ATMs) at all full service branch locations. The ATMs are linked to the Cirrus and NYCE networks. The bank is also a member of the SUM ATM network, which allows customers to use other participating banks' ATMs without surcharge.

As of September 30, 2001, the bank had total assets of \$345.6 million. Total loans, as of this date, were \$136.5 million. The ratio of total loans-to-assets was 39.5 percent. Eagle Bank is primarily a mortgage lender with loans secured by residential properties accounting for \$96 million or 70.3 percent of the total loan portfolio. Loans secured by non-farm non-residential properties account for \$18.3 million or 13.4 percent of the loan portfolio followed by construction and land development loans with 11.8 percent. The remaining portfolio is comprised of consumer loans, and commercial and industrial loans, accounting for less than 5 percent of the total loan portfolio. Refer to the following table for additional information.

LOAN TYPE	AMOUNT (\$000s)	PERCENT
1-4 Family Residential Real Estate	86,469	63.3
Multi- Family Residential Real Estate	9,601	7.0
Nonfarm Nonresidential real Estate	18,317	13.4
Construction and Land Development Real Estate	16,114	11.8
Loans to Individuals	780	0.6
Commercial and Industrial	2,944	2.2
Other Loans	2,310	1.7
<b>Total</b>	<b>\$136,535</b>	<b>100%</b>

Source: September 30, 2001 Consolidated Report of Condition

An analysis of Eagle Bank's loan-to-asset ratio was conducted. The bank's FDIC Call Reports and UBPR data were utilized to determine the average loan-to-asset ratio for the last eight quarterly time periods. The data indicated that the loan-to-asset ratio for that period averaged 38.5 percent. The average loan-to-deposit ratio for the same

period was 44.7 percent. The table below compares current ratios with similarly situated institutions operating within the defined assessment area.

Loan to asset/deposit ratios as of 9/30/01				
Institution	Asset Size (000s)	Net Loans	Loans To Assets	Net Loans to Deposits
Medford Savings	1,403,138	677,508	48.2	62.9
<b>Eagle Bank</b>	<b>345,607</b>	<b>132,500</b>	<b>38.3</b>	<b>44.7</b>
Medford Cooperative Bank	302,901	218,267	72.1	94.2
Stoneham Cooperative Bank	266,234	209,171	78.6	100.5

Source: UBPR data

As the above table indicates, Eagle Bank's loan to asset ratio is lower than that of other similarly situated institutions within its assessment area.

Eagle Bank's assets increased 15.7 percent between December 31, 1999, and September 30, 2001. Total deposits also increased by 15.2 percent for the same period. The bank's loan portfolio grew by 26 percent during this period with an emphasis on real estate lending. The bank's net loan-to-deposit ratio, as demonstrated by its ratio of 44.7 percent as of September 30, 2001 has remained relatively constant for the past two years.

Eagle Bank offers real estate, consumer and commercial credit products. These products include, but are not limited to, the following: residential mortgages with terms of up to 30 years; equity lines of credit; equity loans; reverse mortgages; construction loans; and land loans. Massachusetts Housing Finance Agency (MHFA) loans are available, with reduced rates and flexible underwriting standards. MHFA loans are offered for the purpose of purchasing homes, lead paint removal, and septic repair. The bank also offers consumer and business loans. The bank originates and sells loans on the secondary mortgage market. Participation in the secondary mortgage market allows the bank to offer a variety of fixed-rate and adjustable-rate mortgage loan products.

The bank maintains a CRA Committee. This committee is comprised of: The President and CEO; Senior Vice President/Treasurer; Senior Vice President/Senior Loan Officer; Senior Vice President/Retail Banking; Vice President CRA/Compliance Officer; Vice President/Loan Servicing; Vice President/Retail Loan Officer; Assistant Vice President; and the CRA/Compliance Coordinator. This nine-member group meets monthly. The responsibilities of the committee include reviewing and overseeing the bank's efforts in complying with the letter and the spirit of the Community Reinvestment Act. The committee reviews the geographic distribution of the bank's loans and deposits and monitors market share data. Denied and withdrawn credit applications are tracked and compared to other competitors.

The Federal Deposit Insurance Corporation (FDIC) last examined Eagle Bank for compliance with the Community Reinvestment Act (CRA) on January 2, 2001. The bank received a rating of "Satisfactory" at that time. In a CRA examination conducted by the Commonwealth of Massachusetts on December 2, 1999, the bank received a rating of "Satisfactory." Both examinations utilized the Large Bank CRA procedures.

There are no apparent financial or legal impediments that would limit the bank's ability to help meet credit needs within the assessment area. Based upon Eagle Bank's financial condition, size, product offerings, and branch network, the bank's ability to meet community credit needs remains strong.

## **DESCRIPTION OF ASSESSMENT AREA**

The Board of Trustees of Eagle Bank has defined an assessment area in accordance with the requirements of the Community Reinvestment Act. The Community Reinvestment Act requires an applicable financial institution to identify an assessment area in which it intends to focus its lending efforts and in which regulators will evaluate the financial institution's CRA performance. Eagle Bank has defined its assessment area as the municipalities of Everett, Malden, Medford, and Revere. In the Year 2000 the bank opened a branch in the Town of Lexington, effectively creating a separate assessment area. All of the municipalities are located within the Boston Metropolitan Statistical Area (MSA).

## **Demographic and Economic Data**

The bank's assessment area is comprised of 42 census tracts. The addition of the Town of Lexington introduced 7 new census tracts into the bank's assessment area. All of the census tracts in Lexington are upper-income census tracts. There are no low-income census tracts within the remainder of the assessment area. Please refer to the table below for the distribution of the various census tracts by geographic income level.

The 1990 median family income for the Boston MSA (MSA) was \$48,688. The median household income for the assessment area in 1990 was \$38,432. The 1990 MSA income figures were used to determine the income level category for each census tract in the MSA. The income levels for individuals are determined using estimates provided by the Department of Housing and Urban Development (HUD). HUD estimates of individual income levels are adjusted annually. The HUD adjusted median family income figures for the MSA for 2000 and 2001 were \$65,500 and \$70,000, respectively.

The 1990 U.S. Census indicates that there are 90,850 housing units in the bank's assessment area. The area's housing stock is comprised of 33.5 percent single-family units, 44.4 percent two- to four-family units, 21.9 percent multi-family units, and 1.4 percent mobile home and other housing units. Of the total occupied housing stock,

49.7 percent was owner-occupied and 45.3 percent was occupied rental units. Refer to the following table for additional information.

<b><i>Selected Housing Characteristics by Income Category of the Geography</i></b>							
<b><i>Geographic Income Category</i></b>	<b><i>Percentage</i></b>						<b><i>Median Home Value</i></b>
	<b><i>Census Tracts</i></b>	<b><i>House -holds</i></b>	<b><i>Housing Units</i></b>	<b><i>Owner- Occupied</i></b>	<b><i>Rental Units</i></b>	<b><i>Vacant Units</i></b>	
<b><i>Moderate</i></b>	33.3	34.9	35.3	27.0	43.4	45.6	\$155,825
<b><i>Middle</i></b>	47.6	50.1	50.1	49.7	51.0	45.9	\$168,758
<b><i>Upper</i></b>	19.1	15.0	14.6	23.3	5.6	8.5	\$251,841
<b><i>Total or Median</i></b>	<b><i>100</i></b>	<b><i>100</i></b>	<b><i>100</i></b>	<b><i>100</i></b>	<b><i>100</i></b>	<b><i>100</i></b>	<b><i>\$169,242</i></b>

Source: U.S. Census

The largest portion of the assessment area's population and housing units is contained within the Cities of Malden and Medford. Housing stock, in most of the assessment area communities, consists of single-family dwellings. It is noted that Everett, with 38.9 percent, has the lowest owner-occupancy rate within the assessment area. The Town of Lexington has the highest owner-occupancy rate with 79.6 percent. Malden with the largest total number of housing units also has the highest concentration of multi-family units. More than 30 percent of this city's housing is composed of multi-family units.

In an effort to gain more information about the assessment area and to identify the credit needs in the area, a community representative was contacted during this evaluation. The contact stated that there was a need for the cities and financial institutions to invest in more affordable housing initiatives. The contacts also stated that the area lost 255 of its affordable housing units through HUD prepayment of a local housing development. In addition available rental properties are declining in Malden and Everett while rental housing market values are increasing. According to the contact, the subject bank is involved in assisting in housing issues that affect the community.



## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

### **LENDING TEST**

The institution's Lending Test performance was rated an overall "Satisfactory." The institution's lending efforts are rated under the seven major performance criteria: Lending Activity, Geographic Distribution, Borrower Characteristics, Community Development Lending, Innovative or Flexible Lending Practices, Fair Lending, and Loss of Affordable Housing. The following information details the data compiled and reviewed, as well as conclusions on the bank's performance.

#### **Scope of Evaluation**

Of the three tests, the Lending Test is given the greatest consideration. The evaluation included an analysis of Home Mortgage Disclosure Act (HMDA)- reportable loans and small business loans reported during the period January 1, 2000, and through year-to-date November 15, 2001. Since the Town of Lexington was added to the assessment area in December 2000, the loan analysis for 2000 reflects loan activity for Everett, Malden, Medford and Revere only. The loan analysis for 2001 reflects the addition of the Town of Lexington. Due to the disparate assessment areas, the review of lending inside and outside the assessment was performed on a yearly basis and not on a consolidated basis. In regards to the remaining performance criteria, performance was evaluated in total for both years

In addition, residential loan data between competing institutions was analyzed for 2000, the latest date available for aggregate HMDA loan data.

#### **I. Lending Activity**

##### **HMDA Loans**

During the period 2000 through November 15, 2001, the bank originated 323 HMDA-reportable loans totaling \$63,292,000. As the following table indicates, the majority of home mortgage loans were originated outside the assessment area. Of the total HMDA loans originated in 2000, only 41, or 27.5 percent by number and 10.3 percent by dollar volume, were granted within the bank's assessment area. This performance improved in 2001 with 39.1 percent of the total number and 32.2 percent of the dollar volume originated within the assessment area. It is noted that much of the lending in 2000 was the result of loans purchased from its relationship with Hunneman Mortgage Co.

<b><i>Distribution of Home Mortgage Loans Inside and Outside of the Assessment Area</i></b>								
<b><i>Year</i></b>	<b><i>Inside</i></b>				<b><i>Outside</i></b>			
	<b><i>Number of Loans</i></b>		<b><i>Dollar in Loans (000s)</i></b>		<b><i>Number of Loans</i></b>		<b><i>Dollars in Loans (000s)</i></b>	
	<b><i>#</i></b>	<b><i>%</i></b>	<b><i>\$</i></b>	<b><i>%</i></b>	<b><i>#</i></b>	<b><i>%</i></b>	<b><i>\$</i></b>	<b><i>%</i></b>
<b><i>2000</i></b>	41	27.5	3,337	10.3	108	72.5	29,205	89.7
<b><i>2001</i></b>	68	39.1	9,896	32.2	106	60.9	20,854	67.8

Source: HMDA LAR, Cra Wiz

The bank is operating within a highly competitive lending environment. Market share data for 2000 was reviewed with respect to this performance criterion. The market share data is based upon loan information submitted to the Federal Reserve in 2000 by all HMDA-reportable lending institutions that originated residential real estate loans within the assessment area. This data was compiled by PCI Services, Inc. CRA Wiz.

Eagle Bank ranked 20<sup>th</sup> in originated and purchased loans in 1999 representing 1.38 percent in market share. Market share data for the 313 lenders that made loans within the assessment area in 2000 indicated that Eagle Bank ranked 32<sup>nd</sup> in originated and purchased loans, representing 0.67 percent in market share. Local banks which ranked higher than Eagle Bank included Medford Savings which ranked 8<sup>th</sup> in originated and purchased loans with an 2.11 percent market share, followed by Medford Co-operative Bank, which ranked 17<sup>th</sup> with a 1.41 percent market share. Other institutions ranked higher than Eagle Bank in market share included larger nationwide and regional banks, and mortgage companies. Although the bank has lost some market share since the last CRA report of examination conducted by the FDIC, it is noted that only 277 lending institutions were competing for market share at that time.

The demand for residential mortgages within the assessment area remains competitive. Year-to-date loan volume in 2001 increased 16.8 percent over the total Year 2000 loan volume. Lower interest rates during 2001 resulted in a new demand for long term fixed rate mortgage loans. Also, the bank hired a new mortgage loan originator in October 2000 whose activities have had some impact on loan volume.

### **Small Business Loans**

The bank originated 30 small business loans for a dollar total amount of \$9,264,000 from January 1, 2000, through November 29, 2001. For calendar year 2000 the bank originated 47.1 percent of the total number of loans and 35.7 percent of the dollar volume within the assessment area. For year-to-date 2001, the bank originated 46.2 percent of the total number and 21.3 percent of the dollar volume within the assessment area. The following table details this distribution.

<b>Distribution of Small Business Loans Inside and Outside of the Assessment Area</b>								
<b>Year</b>	<b>Inside</b>				<b>Outside</b>			
	<b>Number of Loans</b>		<b>Dollar in Loans (000s)</b>		<b>Number of Loans</b>		<b>Dollars in Loans (000s)</b>	
	<b>#</b>	<b>%</b>	<b>\$</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$</b>	<b>%</b>
<b>2000</b>	8	47.1	1,372	35.7	9	52.9	2,467	64.3
<b>2001</b>	6	46.2	1,158	21.3	7	53.8	4,267	78.7

Source: CRA Data Collection

By comparison small business loans represent a higher percentage of loans originated within the assessment area than do HMDA-reportable loans. While the bank has not made the majority of its small business loans within its assessment area, the distribution with respect to small business loans is significantly better than that of residential loans. However, it should be noted that the volume of small business loans is considerably lower than that of HMDA-reportable loans. Therefore, the bank's lending inside its assessment area is considered weak overall.

## **II. Geographic Distribution**

### **HMDA Loans**

The bank has demonstrated a good penetration of HMDA-reportable loans among census tracts of different income levels given the demographic characteristics of the different tracts. For this evaluation period, the bank has made loans in 29 census tracts or 69 percent of the 42 tracts that comprise the assessment area. The assessment area includes 14 moderate-income tracts, 20 middle-income tracts, and 8 upper-income tracts. The following table illustrates the distribution of the bank's HMDA-reportable loans originated within the assessment area by number. For comparison purposes, the distribution of the assessment area's 45,109 owner-occupied housing units within the three census tract income categories along with the 2000 aggregate lending data is also provided.

<b>Distribution of HMDA Loans by Income Category of the Census Tract</b>								
<b>Census Tract Income Level</b>	<b>% Total Owner-Occupied Housing Units</b>	<b>Aggregate Lending Data (% of #)</b>	<b>2000</b>		<b>2001</b>		<b>Total</b>	
			<b>2000</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>
<b>Moderate</b>	27.0	39.4	25	61.0	37	54.4	62	56.9
<b>Middle</b>	49.7	57.2	16	39.0	17	25.0	33	30.3
<b>Upper</b>	23.3	3.4	0	0	14	20.6	14	12.8
<b>Total</b>	<b>100</b>	<b>100</b>	<b>41</b>	<b>100</b>	<b>68</b>	<b>100</b>	<b>109</b>	<b>100</b>

Source: U.S. Census, HMDA LAR, HMDA Aggregate Data

As indicated in the table above, the bank's loans are concentrated in the moderate-income census tracts. In Year 2000 the bank made 61 percent of all loans in moderate-income census tracts which surpassed the aggregate level of 39.4 percent. Additionally, the bank's lending in that year surpassed the percentage of residential housing units in that income level. In Year 2001 the percentage of loans within moderate-income census tracts dropped to 54.4 percent, but still represents a significant distribution of loans within census tracts identified as moderate-income.

The bank's level of lending in moderate-income tracts surpasses that of all other lenders within the assessment area. Also noteworthy is the fact that the percentage of lending is proportionately higher than the rate of owner-occupancy within moderate-income areas. In 2000, Eagle Bank ranked 24th out of all HMDA reporters for loans originated in the assessment area's moderate-income census tracts. The bank originated 25 of the 2,417 mortgage loans originated in those tracts for a 1.03 percent market share.

Lending within middle –income census tracts appears to be unusually low, given the predominance of housing units within census tracts of this level - roughly 49.7 percent of all housing units are contained in these census tracts. In total, the bank made only 30.3 percent of all loans in this income category, versus the aggregate, which made 57.2 percent. One explanation is the addition of Lexington in 2001, at which time a portion of lending appears to have shifted to the upper-income census tracts, thus affecting the overall distribution.

Lending within upper-income census tracts is the lowest of all income levels. In Year 2000, the assessment area contained only one upper-income census tracts located in Medford. Similarly the aggregate data to which the performance was compared also was based on only one upper-income census tract. However, lending in upper-income tracts increased significantly in 2001 following the addition of Lexington and this town's seven upper-income tracts.

### **Small Business Loans**

The penetration of small business loans within census tracts of different income levels is considered adequate. For this evaluation period, the bank made loans in moderate- and upper-income census tract categories. The following table indicates the distribution of the bank's small business loans originated within the assessment area by number of loans. For comparison purposes, the following table also includes a breakdown by percentage of the 6,159 small businesses within the three census tract income categories.

<b><i>Distribution of Small Business Loans by Income Category of the Census Tract</i></b>							
<b><i>Census Tract Income Level</i></b>	<b><i>% of Total Number of Small Businesses</i></b>	<b><i>2000</i></b>		<b><i>2001</i></b>		<b><i>Total</i></b>	
		<b><i>#</i></b>	<b><i>%</i></b>	<b><i>#</i></b>	<b><i>%</i></b>	<b><i>#</i></b>	<b><i>%</i></b>
<b><i>Moderate</i></b>	<b><i>44.6</i></b>	<b><i>8</i></b>	<b><i>100.0</i></b>	<b><i>3</i></b>	<b><i>50.0</i></b>	<b><i>11</i></b>	<b><i>78.6</i></b>
<b><i>Middle</i></b>	<b><i>53.6</i></b>	<b><i>0</i></b>	<b><i>0.0</i></b>	<b><i>0</i></b>	<b><i>0.0</i></b>	<b><i>0</i></b>	<b><i>0.0</i></b>
<b><i>Upper</i></b>	<b><i>1.8</i></b>	<b><i>0</i></b>	<b><i>0.0</i></b>	<b><i>3</i></b>	<b><i>50.0</i></b>	<b><i>3</i></b>	<b><i>21.4</i></b>
<b><i>Total</i></b>	<b><i>100.0</i></b>	<b><i>8</i></b>	<b><i>100.0</i></b>	<b><i>6</i></b>	<b><i>100.0</i></b>	<b><i>14</i></b>	<b><i>100</i></b>

Source: CRA data collection, CRA Aggregate Lending Data

The majority of the local business development within the assessment area is concentrated in the moderate and upper-income geographies. Despite the bank's focus as a residential lender, the bank originated 14 small business loans within the assessment area for a dollar total of \$2,530,000. The geographic distribution of the bank's small business loans among tracts of different income levels does not appear to be consistent with the distribution of business development throughout the area. Small business loans were originated only in the moderate- and upper-income census tracts. The majority of small businesses are located in middle-income tracts. However, all small business lending in 2000 was concentrated in moderate-income tracts and the distribution was evenly split between moderate- and upper-income tracts in 2001.

### **III. Borrower Characteristics**

#### **HMDA Loans**

The distribution of loans, given the product lines offered by the bank and the economic climate of the assessment area, reflects an adequate distribution among borrowers of different income levels. For comparative purposes, the distribution of the assessment area's 86,030 households by borrower income level and 2000 aggregate data is also shown. Please refer to the following table for additional information.

<b>Distribution of HMDA Loans by Borrower Income</b>								
<b>Median Family Income Level</b>	<b>% Total Households</b>	<b>Aggregate Lending Data (% of #)</b>	<b>2000</b>		<b>2001</b>		<b>Total</b>	
			<b>2000</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>
<b>Low</b>	26.9	5.7		4	9.8	6	8.8	10
<b>Moderate</b>	17.4	18.7		14	34.2	21	30.9	35
<b>Middle</b>	20.2	28.3		11	26.8	19	27.9	30
<b>Upper</b>	35.5	23.2		11	26.8	18	26.5	29
<b>NA</b>	0	24.1		1	2.4	4	5.9	5
<b>Total</b>	<b>100</b>	<b>100</b>		<b>41</b>	<b>100</b>	<b>68</b>	<b>100</b>	<b>109</b>

Source: U.S. Census, HMDA LAR, HMDA Aggregate Data

Eagle Bank's concentration of home mortgage loans is highest among moderate and middle-income borrowers. In 2000, the bank made 9.8 percent and 34.2 percent of all loans among borrowers of low and moderate income, in comparison to the aggregate which made 5.7 percent and 18.7 percent of all loans, respectively, within those income categories.

The number of loans the bank made to low- and moderate-income borrowers has remained relatively constant throughout the period reviewed. As the above table further indicates, these figures compare more favorably than the aggregate in comparison to the percentage of low- and moderate-income households within the assessment area. The penetration of low-income borrowers is considered reasonable since approximately 9.1 percent of the households in the assessment area are below the poverty level and are limited in regards to homeownership opportunities.

To assist lower- income individuals achieve home ownership, the bank has offered a number of in-house and government- sponsored affordable housing programs. These programs offer expanded debt-to-income ratios and lower down payment requirements.

## **Small Business**

The analysis of Eagle Bank's small business lending within the assessment area indicated that the vast majority of its small business lending was to businesses with annual gross revenues of \$1,000,000 or less. Of the small business loans originated between 2000 and year-to-date 2001, 92.9 percent was to businesses with annual revenues equal to or less than \$1 million. These figures indicate that the bank is addressing the credit needs of small businesses within its assessment area.

<b><i>Distribution of Small Business Loans by Gross Annual Revenues of Business</i></b>						
<b><i>Gross Annual Revenues (000s)</i></b>	<b><i>2000</i></b>		<b><i>2001</i></b>		<b><i>Total</i></b>	
	<b><i>#</i></b>	<b><i>%</i></b>	<b><i>#</i></b>	<b><i>%</i></b>	<b><i>#</i></b>	<b><i>%</i></b>
<b><i>&lt;= \$1,000</i></b>	<b><i>8</i></b>	<b><i>100.0</i></b>	<b><i>5</i></b>	<b><i>83.3</i></b>	<b><i>13</i></b>	<b><i>92.9</i></b>
<b><i>&gt; \$1,000</i></b>	<b><i>0</i></b>	<b><i>0.0</i></b>	<b><i>1</i></b>	<b><i>16.7</i></b>	<b><i>1</i></b>	<b><i>7.1</i></b>
<b><i>Total</i></b>	<b><i>8</i></b>	<b><i>100.0</i></b>	<b><i>6</i></b>	<b><i>100.0</i></b>	<b><i>14</i></b>	<b><i>100.0</i></b>

Source: CRA Data Collection

Taking into account the product lines that are offered by the bank and the economic climate within the assessment area, the distribution of loans among small business customers of different sizes reflects adequate penetration.

The distribution of small business loans by loan size was also analyzed. Eagle Bank originated a substantial majority of its small business loans, by number, in loan amounts between \$100,000 and \$250,000. This reflects the bank's efforts in serving the credit needs of the area's small businesses. These actions have helped to retain existing businesses in the area. The support of local businesses has also contributed to the economic well being of the assessment area, particularly the City of Everett.

<b><i>Distribution of Small Business Loans by Loan Size</i></b>						
<b><i>Loan Size (000s)</i></b>	<b><i>2000</i></b>		<b><i>2001</i></b>		<b><i>Total</i></b>	
	<b><i>#</i></b>	<b><i>%</i></b>	<b><i>#</i></b>	<b><i>%</i></b>	<b><i>#</i></b>	<b><i>%</i></b>
<b><i>\$100 or Less</i></b>	<b><i>2</i></b>	<b><i>25.0</i></b>	<b><i>2</i></b>	<b><i>33.3</i></b>	<b><i>4</i></b>	<b><i>28.6</i></b>
<b><i>&gt; \$100 - \$250</i></b>	<b><i>5</i></b>	<b><i>62.5</i></b>	<b><i>3</i></b>	<b><i>50.0</i></b>	<b><i>8</i></b>	<b><i>57.1</i></b>
<b><i>&gt; \$250 - \$1,000</i></b>	<b><i>1</i></b>	<b><i>12.5</i></b>	<b><i>1</i></b>	<b><i>16.7</i></b>	<b><i>2</i></b>	<b><i>14.3</i></b>
<b><i>Total</i></b>	<b><i>8</i></b>	<b><i>100.0</i></b>	<b><i>6</i></b>	<b><i>100.0</i></b>	<b><i>14</i></b>	<b><i>100</i></b>

Source: CRA Data Collection

#### ***IV. Community Development Lending***

The community development loans are particularly noteworthy as they were originated in cooperation with a community development organization and are described below.

The bank originated two new loans that qualify as community development loans during this period of review. In June 2001, a \$242,000 loan was made to a community agency. This non-profit agency was established as a community action agency seeking to eliminate poverty, its causes and effects through education, programs and advocacy,

in the Tri-City area, including the Cities of Everett, Malden and Medford. This loan was for the purchase of a lot that will be used to build a new parking lot for the agency's new office headquarters, which will be located adjacent to the subject property location. Part of the new office building will also serve as a transitional housing complex and a Head Start Program.

In October 2001, the bank provided this same agency with a \$30,000 loan to finance the purchase of a 36-passenger school bus for its Head Start Day Care Program.

## ***V. Innovative or Flexible Lending Practices***

The following is a list of the flexible home mortgage lending programs offered by the bank:

- First Time Homebuyer: This program is offered to individuals with an income of up to \$100,000. The program allows expanded debt to income ratios from 33 percent to 38 percent, no closing costs, reduced interest rates of .125 percent on certain adjustable rate products, no points and 2/5 cap. This product is limited to the bank's assessment area. In calendar year 2000, the bank originated six loans totaling \$759,200 under this program. During year-to-date 2001, the bank originated 13 loans totaling \$2,313,810 under this program. The bank also offers an assessment area loan product with the same criteria excluding the waiver of closing costs. In June 2001 the bank originated one loan totaling \$200,000 under this program.
- Lead Paint Program: In June 2000 the bank implemented a Lead Paint Loan Program. This program is offered for homeowners in the assessment area for the de-leading of residential properties. The maximum loan amount is \$15,000. Features include an interest rate that is ¼ percent below the bank's current home equity loan rate and a waiver of all closing costs. Currently, no loans have been originated under this program.
- Soft Second Mortgage: In July 2000 the bank committed \$500,000 to the North Suburban Consortium to participate in their Soft Second Program, which is administered by the Massachusetts Housing Partnership Fund. The bank's participation is designed to help low- and moderate-income first-time homebuyers in the bank's assessment area obtain subsidy financing for the downpayment on a home. No loans have been originated under this program.
- Homeowner Options for Massachusetts Elders: The bank is a participant in this program through its lender participation fees. This non-profit organization provides counseling and financial resource options for elderly homeowners. Currently, no loans have been originated under this program.



- City of Everett's First and Second-time Homebuyer Program: In June 2001 the bank committed \$1,000,000 for the year 2001 and an additional \$1,000,000 for the year 2002 for a special loan program for employees of the City of Everett. This program was developed in co-operation with the City of Everett Mayor's Office of Community and Economic Development and the Massachusetts Housing Finance Agency. This program provides city employees with 100 percent financing for single family home purchases and 97 percent financing for two to four family homes in Everett. Features include discounted rates fixed for the first five years or the first seven years depending on the program chosen; caps of 2 percent and 5 percent; 15 and 30 year amortization with debt ratios of 41 percent for single family properties 50/58 percent for two family properties and 60/68 percent for three or four unit properties. The bank originated one loan in 2001 for \$200,000.
- Eagle Bank City Home Independence Plan Initiative Program "CHIP-in": In August 2001, the bank committed \$2 million to this program, which is specifically designed to assist full-time City of Everett employees with the purchase of their primary residence in Everett. This program was developed in cooperation with the Mayor's Office of Community and Economic Development, Superintendent of Schools, and the Massachusetts Housing Finance Agency (MHFA). Currently, no loans have been generated under this program.
- Eagle Nest Homebuyer's Program: This program is designed to turn renters into homeowners by helping them save for a downpayment. Highlights include a certificate issued upon completion of the FNMA publication titled "A Guide to Homeownership", a \$300 credit toward closing costs, a mortgage interest rate reduction of 0.125 percent on loans of \$100,000 or more, and a 0.25 percent higher interest rate on the statement savings account. The bank currently has two members in this program.
- Everett Development and Financial Corporation (EDFC): This organization acts as a bank conduit to small business lending. The EDFC has two loan programs known as the EDFC Program and the Small Business Loan Program. The EDFC has a fund matching program to which Eagle Bank has pledged \$500,000. Fund matching takes place when an applicant requests an amount in excess of \$50,000. The EDFC would refer the applicant to the Everett bank with whom they have an established relationship. If there is no relationship, the EDFC would select an EDFC member bank on a rotating basis. The Fund Matching loan for this program would be at prime rate. There has been little demand for funds through this matching program.

## **VI. Fair Lending Policies and Practices**

The bank's fair lending policy and procedures are comprehensive in nature and address specific areas such as: disparate treatment; disparate impact; second review procedures; staff training; self assessment process; technical compliance of fair lending laws; responsibilities of the Board of Trustees, senior management, compliance committee, and other staff; and applicable rules and regulations regarding the Equal Credit Opportunity Act, the Community Reinvestment Act, the Home Mortgage Disclosure Act, and the Fair Housing Act. Between April 2000 and December 2001 the bank conducted 14 training sessions at various locations that were attended by bank personnel. The topics covered included the fair lending issues mentioned above. The Board of Trustees last approved the fair lending policy statement on July 25, 2001.

All loan and customer contact personnel are provided with training appropriate to their job description and their responsibilities in fair lending. This includes information regarding both technical requirements, as well as the more substantive and subtle issues related to unintentional discrimination and quality of assistance.

Some members of the bank's staff volunteer their time to a variety of area organizations in need of their training and expertise. Eagle Bank markets its services and products to the community mostly through print media and through the Internet. Seminars are also conducted in order to make potential customers aware of the services the bank provides.

The bank employs several employees who speak a second language, which aids individuals who are unable to speak English. The languages spoken include Italian, Spanish, Portuguese, Chinese, French, Greek, Arabic, Haitian Creole, Vietnamese, Albania, and Pampango and Tagalog.

A formal Second Review Program has been established and implemented. The process requires that all residential loan applications from low-and moderate-income individuals slated for denial by the front line loan officer or underwriter receive a second review by a higher-level loan officer.

### **Minority Application Flow**

A review of residential loan applications was conducted. The process is used to determine the number of applications the bank received from minority individuals. In 2000 and Year-to-Date 2001, Eagle Bank received 155 residential loan applications from within its assessment area. In 2000, 5 applications or 7.6 percent, were received from minority applicants and 10 applications or 11.2 percent were received in 2001. Refer to the following table for complete details relative to application flow.

APPLICATION FLOW						
RACE	AGGREGATE DATA 2000		BANK 2000		BANK 2001	
	#	%	#	%	#	%
<i>Native American</i>	24	0.2	0	0.0	1	1.1
<i>Asian</i>	316	3.2	1	1.5	1	1.1
<i>Black</i>	381	3.9	1	1.5	2	2.2
<i>Hispanic</i>	457	4.6	1	1.5	4	4.6
<i>Joint</i>	104	1.0	0	0.0	1	1.1
<i>Other</i>	182	1.9	2	3.1	1	1.1
<b>Total Minority</b>	<b>1,464</b>	<b>14.8</b>	<b>5</b>	<b>7.6</b>	<b>10</b>	<b>11.2</b>
<i>White</i>	4,734	47.7	60	90.9	74	83.2
<i>NA</i>	3,720	37.5	1	1.5	5	5.6
<b>Total</b>	<b>9,918</b>	<b>100.0</b>	<b>66</b>	<b>100.0</b>	<b>89</b>	<b>100.0</b>

\*Source: PCI Services, Inc., CRA Wiz Software.

The bank's minority application flow for this review period was compared with the racial make-up of the assessment area. In addition, the application flow was compared to the 2000 aggregate data for all other HMDA reporters within the assessment area. The comparison of this data assists in deriving reasonable expectations for the institution's application flow.

According to the 1990 Census Data, the bank's assessment area contained a total population of 218,752 individuals. Minority individuals in this area accounted for 9.3 percent of the total population. Aggregate information, as shown in the above table, indicated that 14.8 percent of the total applications received from all other HMDA reporters were from minority applicants. By comparison, Eagle Bank's minority application flow at 7.6 percent is less than that of the aggregate. It is further noted that the bank's total minority flow of 7.6 is proportionately less than the assessment area's minority population which represent 9.3 percent.

### ***Loss of Affordable Housing***

The bank's lending programs that include community development and flexible underwriting have assisted low and moderate-income individuals to remain in their neighborhoods.

### **Conclusion Lending Test**

Eagle Bank has demonstrated a fair responsiveness to community credit needs. The majority of the bank's residential and small business loans are made outside the assessment area. However, the distribution of loans among geographies of different income levels is quite good. The bank's dispersion of loans to borrowers of different income levels and businesses with revenues less than \$1 million dollars is acceptable.

The bank has granted a minimal level of community development loans. While the bank has a good array of flexible lending products, unfortunately there has not been a great deal of activity associated with such products. The bank's fair lending performance is good. Based on the aforementioned, the institution's overall lending performance is rated "Satisfactory."

## **INVESTMENT TEST**

As defined under the CRA regulation, a qualified investment is a lawful investment, deposit, membership share or grant that has community development as its primary purpose. Community development activities include affordable housing for low and moderate-income individuals, community services targeted to low and moderate-income individuals, activities that promote economic development by financing small businesses or small farms, and activities that revitalize or stabilize low and moderate-income geographies.

Eagle Bank has demonstrated a good responsiveness to community housing and economic development needs through a combination of formal qualified investments and charitable contributions.

The bank has an extensive investment portfolio, which as of September 30, 2001 totaled \$189.8 million. This represents 54.9 percent of total assets. The investments consist primarily of U.S. Government-sponsored securities, mortgage-backed securities and other marketable securities. Of these investments, \$886,138 is considered to be qualified investments.

The majority of charitable contributions go towards the support of non-profit organizations that assist low- and moderate-income individuals and neighborhoods, revitalize neighborhoods, and provide health and human services and education

Eagle Bank is rated "High Satisfactory" in this area.

The following describes Eagle Bank's investments

### **Qualified Investments**

**Everett Development Financial Corporation (EDFC):** The bank continues to maintain its equity investment of \$50,000 in EDFC. This investment is comprised of 1,000 shares of stock, which makes the bank the largest shareholder. The "EDFC" is a privately financed agency, established by the Legislature, which may also accept public funds to issue loans to qualified businesses at modest rates within the City of Everett. One of the main goals of the corporation is to promote the City of Everett as a regional, commercial, retail, industrial and civic center.

**Access Capital Strategies Community Investment Fund, Inc. (ACSCIF):** In 1999, Eagle Bank invested \$250,000 in the Access Capital Strategies Community Investment Fund, Inc. (ACSCIF). The ACSCIF is a SEC-registered fund structured as a business development corporation. The primary purpose of the fund is to provide a secondary market and financing vehicle for community development loan originators. The fund invests in private placement debt securities that support affordable housing, education, small business loan securitizations, and other job creating investments within a target region specified by the investing institution. Eagle Bank's designated target region for the investment consists of the City of Revere, and Middlesex and Essex Counties, which includes the bank's entire assessment area.

**Advest, Inc. Targeted Mortgaged-Backed Security (MBS):** The bank has invested a total of \$584,443 in targeted MBS from Advest, which assembles securities backed by loans that have been originated within the bank's assessment area. Loans selected have been made to borrowers demonstrating incomes at 80 percent or less of the area's family median income. The following details those investments, providing their current balances:

On June 14, 2000 the bank purchased a 30-year fixed rate FNMA mortgage backed security for \$166,373 maturing on June 1, 2030 with an interest rate of 7.5 percent. The original face amount of this security is \$168,000. Current book value is \$101,596.

On July 17, 2000 the bank purchased a 30-year fixed rate FNMA mortgage backed security for \$135,604 maturing on July 1, 2030 with an interest rate of 8.0 percent. The original face amount of this security was \$133,600. Current book value is \$57,162.

On July 17, 2000 the bank purchased a 30-year fixed rate FNMA mortgage backed security for \$131,670 maturing on July 1, 2030 with an interest rate of 7.5 percent. The original face amount of this security was \$132,000. The current book value is \$93,587.

On August 13, 2001 the bank purchased a 30-year fixed rate FNMA mortgage backed security for \$150,797 maturing on August 1, 2031 with an interest rate of 7.5 percent. The original face amount of this security is \$168,000. The current book value is \$150,288.

**Eagle Bank Scholarship Fund:** The bank has established a scholarship fund for Everett, Medford and Revere students that assists in their education at any two or four year institution. Two recipients are selected each year to receive scholarships of \$1000 per year up to four years. The successful applicant must have applied to an accredited two or four year college as a full time student, maintain a B or C grade average and reside in Everett, Medford or Revere for five consecutive years. The scholarship committee considers the need for financial assistance. There are currently three students who have benefited from this scholarship program.

## Charitable Contributions

Eagle Bank has made contributions to organizations, which provide education and training, neighborhood revitalization, youth programs and health and human services for individuals in need. During 2000 and year-to-date December 13, 2001, the bank's donations totaled \$81,098. Of these \$61,680, or 76.3 percent, were qualified donations. These donations have supported or developed facilities, which promote community development, as defined under the revised CRA regulation. The following are examples of the organizations receiving the donations.

- **Tri-City Community Action Program, Inc. (Tri-CAP):** This is a multi-service, anti-poverty agency serving the cities of Malden, Medford, Everett, and surrounding communities. Tri-CAP was organized to prevent the development and continuation of conditions, which cause poverty or occur as a result of people living in poverty. Tri-CAP works through three agency divisions—Energy, Children and Family Services, and Advocacy and Community Services—to help low-income people meet their essential needs and take action to improve their own lives.
- **Tri-City Housing Task Force for Homeless Families:** This organization provides shelter, transitional housing, services and permanent affordable housing for homeless families in Everett, Malden and Medford. The program serves a total of 35 families at a time, four in their shelter located in Malden, and 31 in scattered site shelters located primarily in Everett and Malden. Staff work with the families on an individual and group basis to address the immediate crises and to provide a broad range of services such as: parenting, budgeting, education, and career counseling, nutrition, substance abuse education, domestic violence, education, and health and safety.
- **Bread of Life:** This non-profit organization is a volunteer organization comprised of 31 partner churches, temples, high schools and community groups from Malden, Medford, Everett, Revere and surrounding areas. Bread of Life offers free evening meals to hungry, homeless and isolated people four nights a week, and an emergency food pantry. This organization also provides clothing, counseling, furniture, skills training and advocacy to low-income residents.
- **Tri-City Mental Health and Retardation Center, Inc.:** The center provides diagnostic evaluation, emergency services, respite, diversion, intensive day treatment, crisis intervention, individual group, and family outpatient counseling, early intervention, preschool day care, specialized psychological testing day treatment and residential treatment for adults, nursing, home support, client outreach, and support services for the homeless, batterer intervention and treatment, clinical services for individuals with HIV/AIDS, consultation, and training for the lay and professional community.
- **Caritas Communities:** This organization develops and manages affordable, well run housing, which creates a stable and supportive environment for low-salaried working

men and women often referred to as the “working poor.” The bank’s donation helps to support furnishing of Single Room Occupancy (SRO) units located at 19 Hancock Street, Everett.

- **Love, Inc.:** This organization provides assistance to the homeless, elderly, disabled and low-income families in Malden, Medford and Everett. This organization’s mission is to provide and develop services that are not currently being met by current service providers in the community. This group operates a furniture bank, which provides low-income families with no cost delivery of free used furniture, appliances and household items. Local human services, agencies, and churches refer families.
- **Lexington Food Pantry:** The Lexington Food Pantry is an interfaith outreach food pantry located in the basement of the Church of Our Redeemer. It is open on Saturdays for food distribution and services approximately 50 families.

### **Conclusion - Investment Test**

As depicted above, Eagle Bank has a significant level of qualified community development investments and grants, and has exhibited a good responsiveness to credit and community economic development needs. Therefore, the bank’s investment performance is rated “High Satisfactory.”

### **SERVICE TEST**

The Service Test evaluates an institution’s record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of an institution’s systems for delivering retail banking services and the extent and innovativeness of its community development services. Eagle Bank’s service activities are rated “Outstanding”.

The bank’s systems for delivering retail-banking services are readily accessible to geographies and individuals of different income levels within its assessment area. The bank’s low cost checking and savings accounts, as well as the convenience of its automated telephone banking system service and web site, are tailored to the convenience and needs of its assessment area.

Officers and employees of the bank have provided an excellent level of service activity in response to community needs. Retail banking services and products offer consumers flexibility and convenience. In addition, officers and employees of the bank provide an excellent level of involvement in community organizations located throughout its assessment area. The following details the institution’s services.

## **Retail Banking Services**

### ***Distribution of Branches***

Eagle Bank, a Massachusetts chartered institution, is headquartered in the center of downtown Everett, at 466 Broadway. This location is designated as a moderate-income census tract. In addition to its main office, the bank operates four full service branches located in Everett (2), Medford, and Lexington. The two branches in Everett are located in moderate-income census tracts. The branch in Medford is located in Johnnie's Foodmaster supermarket and is in a middle-income census tract while the office in Lexington is located in an upper-income tract. In addition, the bank has a limited service branch located in the Everett High School.

### ***Record of Closing/Opening Branches***

The bank maintains a Retail Banking Branch Opening and Closing Policy. The Board of Trustees approved this policy on December 20, 2000. The plan outlines basic procedures to be followed should the decision be made to open or close an office. On January 22, 2001, the bank closed the branch located in a supermarket in Revere; however, the bank does maintain an ATM at that location.

### ***Business Hours and Facilities***

Services and hours of operation compare favorably to those of competing institutions and afford accessibility to all segments of the bank's assessment area. The main office offers drive-up teller service starting at 7:00 a.m. The other two offices in Everett also offer drive-up teller service during regular hours. All full service offices, with the exception of the High School branch, offer extended hours during the week. The office located in the supermarket is open from 10 a.m. to 8 p.m. from Monday to Friday, 10 a.m. to 5 p.m. on Saturday and 11 a.m. to 3 p.m. on Sunday. Three of the other offices are open on Saturday morning although one office in Everett is closed. The high school branch is open during the school season from 12:00 p.m. to 2 p.m. daily.

All offices are equipped with 24 hour Automated Teller Machines (ATMs), with the exception of the high school branch. There is a freestanding ATM at the supermarket in Revere. In addition, three offices offer drive-up teller facilities. The ATMs are linked to the CIRRUS and NYCE networks. The bank is a member of the SUM network that allows the bank's ATM cardholders surcharge-free use at member institution ATMs.

Currently, there are 39 bilingual employees to assist the non-English speaking customers and potential customers at the bank. Second languages include Albanian, Arabic, Chinese, French, Greek, Haitian Creole, Italian, Portuguese, Spanish and Vietnamese. In addition, there is an employee who is proficient in sign language. As a result, the bank is able to provide better service to customers that reflect a broad range of ethnic backgrounds.



As a participant in The Massachusetts Community and Banking Council's (MCBC) Basic Banking Program, Eagle Bank offers low cost savings and checking accounts. The following details the low cost savings and checking accounts offered by the bank.

**Check Right:** The bank's Basic Checking Account requires no minimum balance. The cost of the account is \$1.00 per month and \$.25 per check. These fees may be waived if the customer has direct deposit.

**Savings:** (Basic Banking savings account): a minimum balance of \$10.00 is required to open the account. The monthly charge of \$1.00 per month is waived if a daily balance of \$100.00 is maintained.

### ***Alternative Banking Services***

**Banking By Telephone:** Customers may call in and have funds transferred from and to statement savings accounts, checking accounts and money market accounts. Customers may also obtain account balances, verify a direct deposit and verify when a check has cleared. This service is available from 8:00 a.m. to 4:30 p.m. on Monday through Friday. The Bank does not charge a fee for this service.

**Bank by Mail:** The Bank provides this service to all of its customers and prospective customers. The Bank does not charge a fee for this service. Prospective customers would most commonly use this service to open savings accounts and certificates of deposit.

**Voice Response Unit:** All customers have telephone access to their account information 24 hours a day and 365 days a year via Eagle Access. The system prompts customers through the steps to gain access to: (1) account information; (2) transfer funds; (3) change personal identification numbers; (4) obtain rate Information and; (5) obtain branch Information.

**Eagle OnSite-Online Banking:** Implemented in the year 2000, this system provides customers with the ability to perform most of their banking transactions by way of computer. Online service is available wherever customers can access the Internet web site [www.eaglebnk.com](http://www.eaglebnk.com). This service is available 24 hours a day, 7 days a week. Customers can review all their accounts by following the OnSite links and check balances, transfer funds, apply for loans and pay bills through a single, easy-to-use Web interface.

**Eagle OnSite Kiosks:** In the year 2000, the Eagle Bank installed computer kiosks at the Broadway and Ferry Street offices in Everett, and at the Lexington branch office for the purpose of providing customer convenience. The kiosks give customers access to the bank's WEB site and an opportunity for a live demonstration.

**Express Teller:** “Express Teller” machines are installed at two of Eagle Bank’s busiest foot traffic locations, the Broadway and Ferry Street offices in Everett. The “Express Teller” machines offer customers an alternative to waiting in a teller line for deposit and payment transactions. Customers can make deposit or payment transactions with guaranteed same day processing and are provided an instant bank record.

**Foreign Language Brochures:** The Bank has distributed various foreign language brochures throughout the community. A brochure called “Opening The Door To A Home Of Your Own” is available in eight foreign languages, including: Spanish; Chinese; Vietnamese; Korean; Haitian/Creole; Russian; Portuguese; and Polish. There is a Spanish language brochure titled “A Glossary of Spanish-English Mortgage Terms.” Another Spanish language publication is titled “Choosing The Mortgage That’s Right For You.” Also available are bilingual (English/Spanish) Residential Loan Applications. In addition, the Bank makes available publications in Spanish from the Federal government about savings bonds, FDIC Insurance, ETA accounts and social security benefits. The Bank’s most recent foreign language brochure is titled “Knowing And Understanding Your Credit” that is printed in English and Spanish that was most recently furnished to the City of Everett’s Human Services Department.

**Account Opening Procedures:** The Bank accepts alternative forms of identification (other than a license or credit card) and residency, e.g. a utility bill (rather than a phone bill) to open basic checking and/or savings accounts.

## **Community Development Services**

The CRA regulation defines a community development service as a service whose purpose is primarily community development and is related to the provision of financial services. Through the participation of its Trustees, management and employees the bank is involved in providing support to local community development programs and projects. Through these involvements, the bank’s staff lends their technical expertise, experience and judgment to these organizations. Detailed below is a sample of Eagle Bank’s qualified community development services.

The Bank, through its Board of Trustees, approved the Department of the Treasury’s Resolutions and Application for the offering of Electronic Transfer Accounts (“ETA”). Treasury designed the Electronic Transfer Account to ensure that individuals who are required to receive Federal payments electronically have access to an account at a reasonable cost and with the same consumer protections available to other account holders at the same financial institution. The Electronic Funds Transfer (EFT) rule provides that any individual receiving a Federal benefit, wage, salary, or retirement payment is eligible to open an ETA.

In response to a request from the Massachusetts Department of Transitional Assistance, the Bank, in the third quarter 2000, registered as a participant in the “Massachusetts Bankers Voluntary Transitional Assistance Benefit Check-Cashing Program On-Going Disaster Recovery Plan.” This program establishes a contingency

plan that would have the Department of Transitional Assistance (“DTA”) issue checks for both cash assistance and food stamp benefits. The process would be activated in the event the electronic issuance systems (EFT and EBT) malfunctioned and were disabled for a lengthy period of time. At this point the recipient, with proper identification, would be allowed to cash their public assistance check at a participating bank.

**MBA Mortgage Lending Initiative:** In the first quarter 2000, Eagle Bank was one of the first financial institutions to participate in the “Foreclosure Prevention Project.” This initiative was developed to increase awareness of predatory lending, establish industry guidelines for subprime lending, and implement a foreclosure prevention program. Members participating in the “MBA Initiative” receive CRA credit under the Service Test. The Bank was also one of the first to order brochures titled “Beware of Easy Credit.” This is a consumer education brochure designed to help bank customers avoid the pitfalls of credit and home equity scams, and other predatory lending practices. This brochure contains eleven helpful tips that explain how to evaluate a credit transaction and a handy checklist that prompts consumers to take certain precautions before signing a loan document. In addition, it contains the names and numbers of agencies that provide assistance to consumers with questions or complaints on regulated companies.

### ***Involvement in Community Organizations***

**Everett Development and Financial Corporation (“EDFC”):** The “EDFC” is a privately financed agency established by the legislature, which may also accept public funds to issue loans to qualified businesses at modest rates within the City of Everett. The agency’s purpose is to rehabilitate under-utilized, vacant properties in the City of Everett. One of the main goals of the corporation is to promote the City of Everett as a regional, commercial, retail, industrial and civic center. The bank’s President and Chief Executive Officer, is president of this organization and offers his financial expertise to this organization. The Bank’s Senior Vice President and Senior Loan Officer lends his expertise and assistance in helping to underwrite Small Business Loans.

**Tri-City Community Action Program, Inc. (“Tri-CAP”):** This is a multi-service, anti-poverty agency serving the cities of Malden, Medford, and Everett and surrounding communities. “Tri-CAP” is organized to prevent the development and continuation of conditions that cause poverty or the deterioration of the quality of life that occurs as a result of people living in poverty. The bank’s Vice President, CRA & Compliance Officer is a member of the Board of Trustees and offers his expertise to this organization.

**Ad Hoc Building Committee:** This Committee meets at least twice a month to assist the Executive Director of Tri-CAP, the Project’s primary agency contact person. Technical assistance includes such broad areas as identifying, purchasing, renovating and developing transitional housing projects for formerly homeless individuals from the tri-city area in a congregate setting. The bank’s Vice President, CRA & Compliance Officer is a member of the Ad Hoc Committee. He has been an active participant in this

initiative, and in November 2001, final funds were approved for the construction of Transitional Housing for formerly Homeless individuals.

**Head Start:** The Head Start Program, which is located in Medford, is a free child and family development program. This program benefits low-income families with preschool children. The bank's Vice President, CRA & Compliance Officer is a member of the Policy Council. The Policy Council votes on recommendations that impact the Head Start budget and administrative policies.

**Homelessness and Housing Task Force Committee:** This committee, which is comprised of representatives from all of the organizations in the Tri-City Area, meets monthly. The purpose of this committee is to help serve the interests of homeless individuals and families and help to address the problems that contribute to homelessness. The bank's Vice President, CRA & Compliance Officer is an active member and has also served on a sub-committee that helped formulate a strategy for drawing input from former homeless individuals. It is noted that Eagle Bank is the only bank represented on this committee.

**Everett Fair Housing Committee:** The bank's Vice President, CRA & Compliance Officer serves on this Committee and was appointed by the Mayor.

**Mystic Valley Elder Services:** This private, nonprofit organization provides assistance and access to a comprehensive range of services that address age-related needs to low and moderate-income elders in Everett, Malden, Medford and surrounding communities. A bank Assistant Vice President, is a member of the Board of Trustees and offers her expertise to this organization.

### ***Educational Seminars and Services***

Bank officers and employees have also participated in seminars and other events sponsored or co-sponsored by the bank during 2000 and through year-end 2001. These events provide opportunities for bank representatives to inform those in attendance about the products and services being offered by the bank and to gain information concerning unmet credit needs in the community.

### **School Bank Programs:**

Eagle Bank operates a number of school bank programs at area schools. The following briefly describes these educational services:

**Eagle High School:** Eagle Bank operates a full-service branch at Everett High School for staff, teachers and students. The hours are 12:00 p.m. to 2:00 p.m. on school days only. The branch is closed during school holidays and vacations. The branch is managed by a bank employee, with the assistance of students who earn credits toward graduation by

working in a branch. This branch provides educational and training opportunities to students who may wish to pursue a career in banking.

**The Centre School Bank:** The Centre School Bank was established in 1986 and is operated by sixth grade students under the sponsorship of Eagle Bank. The Centre School Bank serves a dual purpose. It provides experience to students in operating a bank and provides other students the opportunity of banking and savings. The bank is run almost entirely by sixth grade students with minimal assistance from teachers.

**Parlin Junior High School Bank:** This school bank was established in 1997 and is operated entirely by the seventh and eighth grade students, again with assistance from teachers. Parlin Junior High School Bank provides an educational experience for students operating the bank and for students who save money there. Students learn about savings passbook accounts, preparing deposit and withdrawal slips and participating in an actual banking transaction.

**Bank Fair:** On June 19, 2000, a bank fair was conducted in the parking facilities at the rear entrance of the Broadway branch office. The purpose was twofold: 1) to promote various banking services including "Homebuyer Lending" program; and 2) to elevate awareness and raise funds for a worthwhile organization. A check (all proceeds raised at the "Fair" and a Bank contribution) was given to "The Joint Committee for Children's Health Care in Everett." Three representatives from this organization were at the "Fair" to distribute brochures and to answer questions about the services and the mission of this organization, which helps uninsured and underinsured children obtain access to health care coverage. This not-for-profit organization's goal is to advocate for quality and comprehensive health care access for all children. Over a dozen Eagle Bank volunteers participated in this worthwhile endeavor.

**Homeownership for Everyone:** This ten-week course was conducted on consecutive Monday evenings at Everett High School from 7 to 9 p.m. Guest speakers and participants included individuals involved in the home buying process. This is an in-depth, comprehensive, homeownership course that covers all of the important areas designed to take the mystery out of the process. Critique sheets were favorable and made available for review. Many of the attendees completed the FannieMae publication titled "A Guide to Homeownership." There were a number of courses held during 2000 and 2001. The first session began on January 24, 2000, and ran through April 3, 2000, with 24 individuals signed up for the course. Additional courses were held beginning Monday Evening, September 25, 2000, and 14 individuals signed up for the course. On Monday Evening, January 29, 2001, and Monday Evening, September 24, 2001, 10 individuals enrolled in the course. As a result of the last course, two attendees recently completed residential loan applications.

### **Conclusion - Service Test**

In summary, Eagle Bank's systems for delivering retail-banking services are readily accessible to geographies and individuals of different income levels within its assessment area. Bank management and employees have taken leadership roles in organizations that promote economic development or target the revitalization of business communities. Therefore, the bank's service test is considered to be "Outstanding."

## APPENDIX A

### SCOPE OF EXAMINATION

#### **Eagle Bank**

SCOPE OF EXAMINATION: The examination included an on-site analysis of all HMDA and CRA reported loans for the period noted below.

Residential aggregate loan data was reviewed during the examination and included comparative loan data between competing institutions. EAGLE BANK has two assessment areas, which were reviewed using the large bank examination procedures.

**TIME PERIOD REVIEWED:** January 1, 2000 – November 15, 2001

**PRODUCTS REVIEWED:** HMDA-reportable Loans and Small Business Loans

# THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

## EAGLE BANK

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **DECEMBER 17, 2001**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

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A majority of the Board of Directors/Trustees

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_\_



## PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that assessment area shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee that does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.

